

APPENDIX C (IT CAPITAL INVESTMENT APPLICATION CONTINUED)

Proposal writers must follow the planning process in this appendix as well as the *OMB Capital Programming Guide*. Using this planning process will result in better use of scarce resources and should decrease the risk of implementation difficulties. This process includes strategic and program performance linkage, baseline assessment and identification of the performance gap, functional requirements, and alternatives to capital assets. The proposal should investigate commercially available alternatives. It must also address each alternative's availability, affordability, and cost-effectiveness.

This Application is not a replacement for a fully developed proposal (i.e., Design Program, etc.). Rather, this Application provides a standard format for summarizing information and improves the comparison and review process. The summary information in the Application will provide an answer to the basic questions, but it should also refer the reviewer to the specific sections or pages in the accompanying documentation. The accompanying documentation should include detailed information that supports all summary statements made in the Application – especially any estimates that the IPT develops. Data provided for each criterion should be concise and specific and provide as much information as possible that relates to the performance targets contained in the current *Departmental Performance Plan*.

Preparing the Application

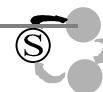
The process consists of six steps. Each step must be completed before the next begins. The following steps summarize the Proposal Application submission process:

Step 1 Identify the Need

The first step in the Application process is to identify the need for the proposal. All proposals must establish a need within the Department that the proposal fulfills. The minimum requirements are to provide baseline data and target demands in future years (which will vary according to the project category) thereby completing a gap analysis. To this end, the proposal Application requires that any proposals submitted for review meet the initial demand of the three pesky questions:

- a) Does the investment in a major capital asset support the core or priority mission functions that need to be performed by the Federal Government?
- b) Does the investment need to be undertaken by VA because no alternative private sector or government source can better support the function?
- c) Does the investment support work processes that have been simplified or otherwise redesigned to reduce costs, improve effectiveness, and make maximum use of commercial, off-the-shelf technology?

To successfully establish the need, proposal teams should complete a gap analysis. This analysis should be supported by the collection and analysis of relevant data sources. The team should utilize reliable data sources because this data will be used to establish the proposal need and support the final selection in later steps. A number of data sources are located throughout this handbook as well as in *Appendix J*. The team should also review the *VA Strategic Plan* for guidance.



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Step 2 Identify Alternatives

Once the need has been established, the proposal team must identify viable proposal alternatives that fulfill the identified need. Proposal teams should identify as many alternatives as possible. They should then evaluate all of the alternatives and eliminate those that are non-viable.

OMB Circular A-94 specifies alternatives that must be investigated. For information technology proposals, at least six alternatives are possible, but a *minimum of 3 viable alternatives is necessary* to complete the required analysis. One alternative that must be addressed is contract out for the function. Other alternatives that may be considered are to buy commercial off-the-shelf (COTS), share, develop capability in-house, or develop architecture options for IT hardware initiatives. Status quo (continue with no change) must be provided for a comparative baseline. It may also be considered a viable alternative. Leasing must be addressed, in discussion only, if it is not considered a viable alternative.

Step 3 Evaluate Viable Alternatives

After selecting all of the viable alternatives, the proposal team should evaluate them against the Capital Investment Proposal Criteria (*Appendix C*). An Alternatives Analysis template (*Appendix G*) is provided for this purpose. The template is simply a guide to evaluate each alternative against the criteria determined by the Capital Investment Board.

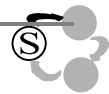
Alternatives Analysis Example	Status Quo	Contract	COTS	Lease
Criteria 1				
Criteria 2				
Criteria 3				

Included in the Alternatives Analysis process, is the completion of a risk (*Appendix H*) and cost-effectiveness (*Appendix F*) analysis for each alternative. Completing these three analyses will lay the groundwork for a successful proposal application.

Note: Legacy System proposals only need to complete the abridged Legacy System application found in this appendix.

Step 4 Select Proposed Alternative

Once the proposal team has completed the Alternatives Analysis, they should analyze the alternatives against one another and select the alternative that best meets the goals and mission of VA. This can be determined by evaluating each alternative based upon its relevance to the criteria and corresponding criteria weight (previously designated by the Board). The selected alternative will be submitted to and evaluated by the Capital Investment Board.



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Step 5 Complete the Application

Once the selected alternative has been determined, the proposal team needs to complete an Application for the selected alternative. This step involves completing the:

- a) Application ,
- b) Capital Investment Proposal Criteria Template (*Appendix D-1*),
- c) Earned Value template (*Appendix I*). To complete the Earned Value Template, a Project Plan must first be established. From the established Project Plan, budgeted % of work performed for each critical path milestone, planned critical path milestone start and completion dates; budgeted dollars for work performed for each critical path milestone and project start and end dates.

All other templates and analysis are contained within the Capital Investment Proposal Criteria submission document. Please provide all supporting data sources and calculations with proposals.

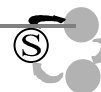
- d) IT proposals need to complete the IT Capital Investment Proposal Criteria (*Appendix D-2*) in addition to the standard Capital Investment Proposal criteria (*Appendix D-1*).
- e) Legacy System proposals only need to complete the abridged Legacy System application.

Step 6 Submit Proposal Application

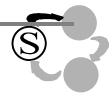
Completed proposals are submitted to the Veterans Health Administration, Veterans Benefits Administration, National Cemetery Administration, and Staff Offices. They will review the documents and provide completed capital investment proposal packages to the Capital Budgeting and Oversight Service via their respective Investment Panel member. A complete proposal package, submitted to the Capital Budgeting and Oversight Service by the Administration, consists of:

- f) Capital Investment Application, all applicable sections;
- g) Additional primary source documentation necessary to support data provided in the Application, including certification that a proposal is to be scored under the Seismic or the Special Emphasis criteria;
- h) Concurrence from appropriate Department-wide, category specific council, Franchise, or Administration board stating that a technical review has been completed and proposal meets technical requirements established by the Department; and
- i) Certification from the Deputy Under Secretary or equivalent stating that the proposal is an organizational priority.

The three tables on the following pages, contain proposal application checklists for Capital Investment Proposals, IT Investment proposals, and Legacy Systems proposals. Proposals are considered **incomplete** if the developers have not included all of the required information. Incomplete submissions will not be reviewed and will be returned to the submitting investment proposal team. Therefore, use the following checklists to ensure that all required information is included in the proposal application.

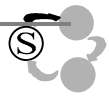
**APPENDIX C (IT CAPITAL INVESTMENT APPLICATION CONTINUED)****CAPITAL INVESTMENT PROPOSAL APPLICATION CHECKLIST**

Completed	Required Information	Location in the Handbook
	Capital Investment Proposal General Information	Appendix C
	Contact Information	
	Proposal Information	
	Three Pesky Questions	
	Investment Size	
	Performance-Based Management	
	Special Requirements	
	Investment Proposal Criteria	Appendix D-1
	1. Customer Service	
	1.1 Quality	
	1.2 Waiting Time	
	1.3 Increase in New Customers	
	1.4 Increased Benefits	
	1.5 Increase Access to Existing Customers	
	2. Return on Taxpayer Investment	
	2.1 Cost-Effectiveness Analysis	
	2.2 Alternatives Analysis	
	2.3 Cost Savings Analysis	
	2.4 Non-Quantifiable Benefits	
	3. High Performing Workforce	
	3.1 Recruitment and Retention	
	3.2 Training and Development	
	3.3 Employee Morale	
	4. Risk	
	4.1 Risk Score	
	4.2 Quality of Risk Analysis	
	4.3 Risk Control Plan	
	5. Special Emphasis (VHA Construction Only)	
	6. Seismic (VHA Construction Only)	
	7. Strategic Alignment	
	7.1 Quality of Life	
	7.2 Ensure Smooth Transition	
	7.3 Honor and Memorialize	
	7.4 Public Health/Socioeconomic Well-Being	
	7.5 One VA	
	Other Attachments:	
	Project Plan (to include at a minimum CPM, Start/End Dates, Budgeted Work Performed and Budgeted Dollars)	
	Earned Value Analysis	Appendix J
	Supporting data, Surveys, Historical data, etc.	



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INFORMATION TECHNOLOGY INVESTMENT PROPOSAL APPLICATION CHECKLIST

Completed	Required Information	Location in the Handbook
	Capital Investment Proposal Application Checklist	Appendix C
	Information Technology Investment Proposal Criteria	Appendix D-2
	1. Mission	
	1.1. Organizational Improvement	
	1.2. One VA Service	
	2. IT Architecture (provide written documentation of the proposal's adherence to VA's established performance principles, models, and standards from VA IT Architecture Team representative)	
	2.1. Standards	
	2.2. Interoperability	
	2.3. Security	
	3. Project Management	
	3.1. Acquisition Strategy	
	3.2. Project Structure	
	3.3. Technical Approach	
	4. Customer Acceptance	
	4.1. Experience with Technology Quality	
	4.2. Organizational Support	
	4.3. Ease of Use	
	5. Minimizing Risk	
	5.1. Technical	
	5.2. Schedule	
	5.3. Financial	

**APPENDIX C (IT CAPITAL INVESTMENT APPLICATION CONTINUED)****LEGACY SYSTEMS INVESTMENT PROPOSAL APPLICATION CHECKLIST**

Completed	Required Information	Location in the Guide
	Capital Proposal General Information	Appendix D-1
	Contact Information	
	Proposal Information	
	Investment Size	
	Legacy Systems Investment Proposal Criteria	Appendix E
	1. Mission	
	2. Customer Service	
	2.1 Quality	
	2.2 Waiting Time	
	2.3 Increase in New Customers	
	2.4 Increased Benefits	
	2.5 Increase Access to Existing Customers	
	3. IT Architecture	
	4. Return on Taxpayer Investment	
	4.1 Cost-Effectiveness Analysis	
	4.2 Alternatives Analysis	
	4.3 Cost Savings Analysis	
	4.4 Non-Quantifiable Benefits	
	5. Risk Analysis	

